



# House of Representatives

General Assembly

**File No. 299**

February Session, 2016

Substitute House Bill No. 5569

*House of Representatives, March 30, 2016*

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE STUDENT LOAN OMBUDSMAN,  
STUDENT LOAN SERVICERS AND STUDENT DEBT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) The Banking  
2 Commissioner shall set service standards for student loan servicers, as  
3 defined in section 36a-846 of the general statutes. On or before July 1,  
4 2017, the commissioner shall post such service standards on the  
5 Department of Banking's Internet web site.

6 Sec. 2. (*Effective October 1, 2016*) The student loan ombudsman,  
7 designated under section 36a-25 of the general statutes, may evaluate  
8 how the state can move toward debt-free education. On or before July  
9 1, 2017, the student loan ombudsman may submit a report, in  
10 accordance with the provisions of section 11-4a of the general statutes,  
11 to the joint standing committee of the General Assembly having  
12 cognizance of matters relating to banking concerning its  
13 recommendations for debt-free higher education.

14 Sec. 3. Section 36a-849 of the 2016 supplement to the general statutes  
15 is repealed and the following is substituted in lieu thereof (*Effective*  
16 *October 1, 2016*):

17 (a) Each student loan servicer licensee [and persons exempt from  
18 licensure pursuant to subdivision (2) of subsection (a) of section 36a-  
19 847] shall maintain adequate records of each student education loan  
20 transaction for not less than two years following the final payment on  
21 such student education loan or the assignment of such student  
22 education loan, whichever occurs first, or such longer period as may be  
23 required by any other provision of law.

24 (b) If requested by the commissioner, each student loan servicer  
25 licensee shall make such records available or send such records to the  
26 commissioner by registered or certified mail, return receipt requested,  
27 or by any express delivery carrier that provides a dated delivery  
28 receipt, not later than five business days after requested by the  
29 commissioner to do so. Upon request, the commissioner may grant a  
30 licensee additional time to make such records available or send the  
31 records to the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>October 1, 2016</i>	New section
Sec. 3	<i>October 1, 2016</i>	36a-849

***Statement of Legislative Commissioners:***

In Section 2, ", designated under section 36a-25 of the general statutes," was added for clarity.

***BA***        *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill requires the Banking Commissioner to set standards for student loan servicers and post them on the Department's website. This provision does not result in a fiscal impact as the Department has the necessary expertise.

The bill also allows the student loan ombudsman to evaluate and report on debt-free education. This is not anticipated to result in a fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sHB 5569*****AN ACT CONCERNING THE STUDENT LOAN OMBUDSMAN,  
STUDENT LOAN SERVICERS AND STUDENT DEBT.*****SUMMARY:**

This bill makes three changes to the laws that govern student loan servicers. It:

1. requires the banking commissioner to set service standards for student loan servicers and post such standards by July 1, 2017 on the department's Internet website;
2. exempts entities that are exempt from student loan servicer licensure (e.g., banks and credit unions) from existing law's record retention requirements when a loan has been paid off or assigned; and
3. clarifies that existing law's requirement that a student loan servicer make records available or send them to the commissioner within five business days of the commissioner's request, applies only to servicers who are licensed in the state.

By law, a "student loan servicer" is any person, regardless of location, responsible for servicing any student education loan to any student loan borrower.

The bill also allows the Banking Department's student loan ombudsman to evaluate how the state can move toward debt-free education. It specifies that on or before July 1, 2017, the student loan ombudsman may report its recommendations for debt-free higher education to the Banking Committee. (Since the ombudsman is not required to submit the report, the July 1, 2017 deadline has no legal effect.)

EFFECTIVE DATE: October 1, 2016

**COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 16 Nay 2 (03/15/2016)